



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

December 12, 2000

Accounting Policy Memorandum – OAIC 01-01

MEMORANDUM FOR BUREAU CHIEF FINANCIAL OFFICERS
DEPUTY CHIEF FINANCIAL OFFICERS

FROM: James R. Lingeback
Acting Deputy Chief Financial Officer

SUBJECT: Treasury Managed Accounts– Net Position

The Office of the Deputy Chief Financial Officer is issuing this Accounting Policy Memorandum as assistance for complying with Statement of Federal Financial Accounting Standards (SFFAS) No. 1, *Accounting for Selected Assets and Liabilities*. It is limited to transactions of the Treasury Managed Accounts, which are accounted for by the Financial Management Service. Consistent with Treasury Directive 32-01, *Accounting Principles and Standards*, this memorandum provides additional implementation guidance to amend the Department's accounting principles and standards.

Attachment

**Department of the Treasury
Office of the Deputy Chief Financial Officer**

December 12, 2000

***Accounting Policy Statement: Accounting for Treasury Managed Accounts –
Net Position***

Implementation: FY 2000

The Office of the Deputy Chief Financial Officer is issuing this Accounting Policy Memorandum as clarification for revenue and expense transactions applicable to the Treasury Managed Accounts (TMA), to ensure that non-entity transactions do not effect the Department's net position.

Treasury Accounting Policy:

1. The TMA are classified as non-entity.
2. The Department is required to display certain non-entity activities on its operating statements. An example is interest cost and revenue sources for accrued interest on the Public Debt. Operating activity of the TMA is displayed as "Other Federal Costs" on the Statement of Net Cost which articulates to the Statement of Changes in Net Position. The issue has arisen that some of the TMA receive financing sources other than appropriated funds. These "other financing sources" may exceed the expenses incurred during an accounting period. This will result in net position on both the statement of changes in net position and the balance sheet.
3. In a letter dated August 24, 1998, from Steven O. App, Treasury Deputy Chief Financial Officer, to Norwood Jackson, Deputy Controller of the Office of Management and Budget, the Department asked for concurrence with its financial statement presentation. Mr. Jackson concurred with the presentation. The understanding was that the non-entity activities, conducted by the Department of the Treasury, do not effect net position.
4. OMB has determined that non-entity activities **do not** effect the net position of the Department of the Treasury. Furthermore, Statement of Federal Financial Accounting Standards No. 1, *Accounting for Selected Assets and Liabilities*, paragraph 26 requires "An amount equal to non-entity assets should be recognized as liability (due to Treasury or other entities) in the entity's financial statements." Accordingly, a pre-closing entry is needed so

that the excess of these other financing sources does not effect net position and that a liability to the General Fund of the Treasury is recognized.

5. Therefore, the Department requires that the following **pre-closing entry** be made at year-end and for every TIER reporting period other than TIER Period 00 (post closing/beginning balance period) to recognize that the excess of these other financing sources over expenses is a liability to the General Fund of the Treasury rather than net position of the TMA:

SGL 5790F *Other Financing Sources* (TIER Partner Code 9900) – Debit¹

SGL 2980F *Custodial Liability* (TIER Partner Code 9900) – Credit

This entry will result in an offset of the excess other financing sources on the Statement of Changes in Net Position (i.e., net position will be zero and a corresponding liability will be displayed on the Balance Sheet).

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¹ Partner Code 9900 represents the General Fund of the Treasury. So that this entry is properly eliminated in FACTS I for the Governmentwide Financial Statements, Partner Code 9900 is required on both sides of the entry.